

Current Budget Scenario

FY 2005:

Fueled by unprecedented strength in revenue growth for the spring months, the year-end balance for fiscal year 2005 exceeded \$210 million, twice the amount estimated during the Legislative Session. Overall, the FY 2005 baseline revenues increased an astonishing 12.8% over the previous year, far exceeding the original 7.8% estimate.

Because the ending balance exceeded the estimate by more than \$24 million, a contingency one percent, one-time salary increase will be funded for state employees and public schools, which was the only compensation measure approved by the Legislature.

The key philosophical approach taken in the budget process was to keep a tight lid on spending to allow economic growth and subsequent increased revenue collections to replace the revenues generated by the temporary two-year sales tax increase. That sales tax increase expired at the end of FY 2005, and given the surge in revenues this spring, current estimates for FY 2006 indicate that the expiration of the sales tax will be much less problematic than originally anticipated.

REVENUES

Beginning Balance	\$ 100,244,100
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FY 2005 Actual Revenue Collections

12.8% over FY 2004 base	2,080,659,600
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HB 400- Sales Tax Increase	187,032,000
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Transfer to IDWR Rev Dev Fund	(21,800,000)
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Transfer to Budget Stabization Fund	(20,971,000)
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All other transfers and adjustments	(400,100)
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TOTAL REVENUES	\$ 2,324,764,600
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APPROPRIATIONS

Actual Expenditures	\$ 2,110,361,500
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<u>ENDING BALANCE</u>	\$ 214,403,100
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Current Budget Scenario

FY 2006:

Fiscal Year 2006 will have a strong beginning balance of just over \$214 million. The original revenue estimate for FY 2006 was based on a 5.1% increase over estimated FY 2005 revenues. The most recent revised revenue estimate for FY 2006, developed by DFM in late August, is now projecting a 5.4% increase over the much higher FY 2005 actual collections.

The spending blueprint approved by the Legislature for FY 2006 reflects a 3.1% increase over the final FY 2005 appropriation. Included in this very lean "maintenance level" budget plan are increases for state employee health insurance costs, a one-time one percent salary increase for state employees and public schools, statutory increases for Medicaid and public schools, an enrollment workload adjustment for higher education, and direct costs of keeping pace with inmate growth in corrections.

Using this current revenue estimate to support the original appropriations (without supplementals), the state would have a \$192.8 million balance at the end of FY 2006.

REVENUES

Beginning Balance	\$ 214,403,100
FY 2006 Revenue Estimate	
5.4% over FY 2005 base	2,194,250,000
Sales tax incr. (one month only)	17,540,000
Sales tax exemptions	(8,125,000)
Transfer to Budget Stabilization Fund	(22,676,900)
All other transfers, adjustments	(7,600,000)
Total General Funds Available	<hr/> \$2,387,791,200

APPROPRIATIONS

Original FY 2006 Appropriations	\$ 2,180,928,300
Plus one-time 1% CEC	14,072,800
Total Appropriations	<hr/> \$ 2,195,001,100

<u>ESTIMATED ENDING BALANCE</u>	\$ 192,790,100
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